

# HEALTH SERVICES AND DEVELOPMENT AGENCY

## MINUTES \*

January 27, 2016

### AGENCY MEMBERS PRESENT

Johnson, D. Lynn, Chair  
Wright, James, Vice-Chair  
Doolittle, Robert S.  
Burns, Charlotte  
Mills, Thom  
Grandy, Joe  
Ridgway, Corey  
Fleming, Martin, M.D.  
Gaither, Keith, designee for the TennCare Director  
Harding, Jaclyn, designee for the Comptroller of the Treasury  
Jordan, Lisa, designee for the Commissioner of Commerce and Insurance

### AGENCY STAFF PRESENT

Hill, Melanie, Executive Director  
Ausbrooks, Mark, Administrative Assistant III  
Christoffersen, Jim, General Counsel  
Craighead, Alecia, Statistical Analyst III  
Earhart, Phillip, HSD Examiner  
Farber, Mark, Deputy Director  
Finchum, Rhonda, Administrative Officer  
Grimm, Jeff, HSD Examiner

### COURT REPORTER

Daniel, April N.

### GUESTS PRESENT

Brent, Michael, Esq., Bradley, Arant, Boult, & Cummings  
Cannon, Terry, Chief of Police, Greeneville, TN  
Carpenter, Emily, Vanderbilt University Medical Center  
Chocklett, Wyatt, COO, TriStar Horizon Medical Center  
Churchwell, Jerry, Director, TriStar Horizon Medical Center  
Daniels, W.T., Mayor, Town of Greeneville  
Derryberry, Jack, Esq., Derryberry & Derryberry  
Dixon, Dianne, Architect, Clark Dixon Architects  
Duncan, Bruce, Assistant Vice President, National HealthCare Corporation  
Dunlap, Casey, Esq., Waller Lansden  
Eads, Judy, Owner, Key Management  
Elrod, Dan, Esq., Butler Snow  
Estes, Linda, THCA  
Felts, Ginna, Business Development, Vanderbilt University Medical Center  
Greene, Dustin, CEO, TriStar Horizon Medical Center  
Griffin, Christie, Esq., Griffin Law Office  
Hart, Michael, Vice President, Sunrise Communities of Tennessee, Inc.  
Hawk, David, State Representative  
Ismail, Sami, M.D., TriStar Horizon Medical Center  
Lakey, Jon, Esq., Pietrangelo and Cook Attorneys & Counselors  
Looney, Kim, Esq., Waller Lansden  
Lund, Rodney, President, Phibus  
Manning, Michael, Administrator, Reeves Eye Surgery Center

McDearman, Scott, Esq., Grant, Konvalinka & Harrison, P.C.  
Mills, Alex, Esq., Waller Lansden  
Oberstag, Taylor, Marketing Director, TriStar Horizon Medical Center  
Ockerman, Jeff, Director, Division of Health Planning, Department of Health  
Pitts, Michelle, State Director, Sunrise Communities of Tennessee, Inc.  
Reed, Ann, R., RN, BSN, MBA, Director of Licensure, TDH, Division of Health Care Facilities  
Reeves, Donny, M. D., Reeves Eyes Surgery Center  
Reid, Laura, R.N., TriStar Horizon Medical Center  
Rodriguiz, Tony, Consultant, Development Support Group  
Sloan, Theresa, DIDD, General Counsel  
Smith, Todd, City Administrator, Greeneville, TN  
Sullivan, Bill, Administrator, Humphreys County Nursing Home  
Taylor, Jerry, Esq., Burr & Forman  
Terry, Roy, M.D., Tennessee Orthopedics  
Thornberry, Tina, Director of Women's Services, TriStar Horizon Medical Center  
Trauger, Byron R., Esq., Trauger & Tuke  
Wellborn, John, Consultant, Development Support Group  
Williams, Ann, Executive Director, Sunrise Communities of Tennessee, Inc.  
Woodberry, Wayne, M.D., Reeves Surgery Center

### **ROLLCALL TO ESTABLISH QUORUM**

Mr. Johnson requested roll call to establish quorum.

PRESENT: Jordan, Mills, Gaither, Ridgway, Wright, Doolittle, Burns, Harding, Fleming, Grandy, Johnson

Eleven (11) members present.

### **DIRECTOR'S ANNOUNCEMENTS**

Melanie Hill, Executive Director, made general announcements regarding the following:

- 1) Instructions were provided for those providing testimony on the scheduled agenda items;
- 2) The February meeting currently has 13 applications scheduled for review, March has 9 and April has the possibility of 4;
- 3) At 1:30 the House Health Committee will have a presentation regarding Certificate of Need from a number of presenters including: Ms. Boyd from the Beacon Center; Mr. Gregory, Ms. Felts, Ms. Hall from Vanderbilt University Medical Center, Mr. Scarvey from HCA, Mr. McMahon from the TN Group Practice Coalition, Ms. Farmer from Neuro Spine Committee, and Mr. Puri representing THCA. If we have not concluded this meeting by that time, Mr. Christoffersen, Chairman Johnson and I will leave to attend that meeting. Vice- Chair Wright and Mr. Farber will continue the meeting.

### **APPROVAL OF MINUTES**

Mr. Johnson presented December 16, 2015 minutes for approval.

Mr. Mills moved for approval of the minutes as presented. Mr. Wright seconded the motion. The motion CARRIED [11-0-0]. **APPROVED by unanimous voice vote**

AYE: Jordan, Mills, Gaither, Ridgway, Wright, Doolittle, Burns, Harding, Fleming, Grandy, Johnson

NAY: None

## STATE HEALTH PLAN UPDATE

Jeff Ockerman, Director, Division of Health Planning, Department of Health, presented a brief update as follows:

1. Standards for Psychiatric Inpatient Services and Neonatal Intensive Care Unit Services are being sent out for review.
2. Responses on the standards for Free-Standing Emergency Departments have been extended due to weather. Criteria and Standards should be completed by the end of May.

## CERTIFICATE OF NEED APPLICATIONS

*Mark Farber summarized the following CON Applications:*

### United Regional Medical Center d/b/a/ Unity Medical Center, Manchester (Coffee County), TN – CN1509-040

The relocation of Unity Medical Center from its current primary campus at 1001 McArthur Street to its current satellite campus at 481 Interstate Drive, a distance of approximately 3 miles. As part of the relocation, the existing open MRI unit approved in CN0209-094A and the existing PET/CT unit approved in CN0409-089A will be relocated. The project is the final part of the applicant's plan to consolidate all medical services at the Interstate Drive campus acquired in July 2015 (the former Manchester Medical Center) and discontinue medical operations at the McArthur Street campus. The estimated project cost is \$986,691.00.

Ashoke Mukherji addressed the Agency on behalf of the applicant.

Ms. Burns moved for approval of the project based on: 1) Need – There is a need for this project to promote more efficient operations at a single location; 2) Economic Feasibility – It is economically feasible with the use of a commercial loan, and it will also allow the applicant to provide these services more economically by eliminating the overhead of maintaining two facilities; and 3) The project does contribute to the orderly development of adequate and effective health care by consolidating and operating all medical services at one location, to provide coordination of all services, and more convenient care and access for patients. It is appropriate to know that they already sold or are in process of selling that campus for nursing home utilization. It contributes to the orderly development in that regard also. Mr. Wright seconded the motion. The motion CARRIED [11-0-0]. **APPROVED**

AYE: Jordan, Mills, Gaither, Ridgway, Wright, Doolittle, Burns, Harding, Fleming, Grandy,  
Johnson

NAY: None

### Tennessee Orthopedics, Lebanon (Wilson County), TN – CN1510-041

The relocation of a magnetic resonance imaging (MRI) service by Tennessee Orthopedics, P.C. from 1616 West Main Street, Lebanon, TN 37087 to 101 Physicians Way, Lebanon, TN 37087. Applicant also proposes to upgrade the current MRI scanner with a new 1.5 Tesla MRI unit. The estimated project cost is \$2,471,197.43.

Christie Griffin, Esq., and Dr. Roy Terry addressed the Agency on behalf of the applicant.

Mr. Wright moved for approval of the project based on: 1) Need – The need has been shown due to the relocation of the existing space, and this also would provide the only MRI in the Wilson County area to accommodate larger patients; 2) Economic Feasibility – The project is economically feasible, lease and cash reserves are a part of this project, and the new equipment over time is demonstrated to produce a situation where they will have lower operating costs.; and 3) The project does contribute to the orderly development of adequate and effective health care, as this is a renovation and no new services are to be added, and this project will prevent transport out of the service area of some of the current patients that they serve as well as

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preventing sedation of some of the patients who experience anxiety. It will also provide for a high quality of healthcare with modernized equipment. Mr. Mills seconded the motion. The motion CARRIED [11-0-0].  
**APPROVED**

AYE: Jordan, Mills, Gaither, Ridgway, Wright, Doolittle, Burns, Harding, Fleming, Grandy, Johnson  
NAY: None

**Lebanon HMA, LLC d/b/a University Medical Center, Lebanon (Wilson County), TN – CN1510-042**

*Mr. Ridgway and Ms. Burns recused.*

The relocation of 75 hospital beds (49 inpatient psychiatric and 26 inpatient rehabilitation) from satellite McFarland Specialty Hospital at 500 Park Avenue, Lebanon (Wilson County) approximately 3 miles to the main campus at 1411 Baddour Parkway, Lebanon, (Wilson County). The University Medical Center main campus currently contains 170 licensed hospital beds and will contain 245 licensed beds after project completion. The estimated project cost is \$22,500,000.

Michael Brent, Esq., and Matt Caldwell, CEO of University Medical Center, addressed the Agency on behalf of the applicant.

Mr. Mills moved for approval of the project based on: 1) Need – They are going to be combining campuses. Having one location will provide economies of scales. There are no new services being initiated. The move will be to a more state-of-the-art facility as the McFarland building was built in the mid '50s. They'll have better controlled access for both orthopedic and psychiatric patients; 2) Economic Feasibility – The project is economically feasible and cash reserves are available from the parent company; and 3) The project does contribute to the orderly development of health care by eliminating a lot of replication of services including their pharmacy, their therapy, their ancillary, and their security services that they're having to provide on both campuses; and it will provide ease of access having all the services on one campus. Mr. Doolittle seconded the motion. The motion CARRIED [9-0-0]. **APPROVED**

AYE: Jordan, Mills, Gaither, Wright, Doolittle, Harding, Fleming, Grandy, Johnson  
NAY: None

**Sunrise Community of Tennessee, Inc, Greeneville (Greene County), TN – CN1510-043**

*Ms. Jordan recused.*

The establishment of a four (4) bed ICF/IID home located at 640 Old Shiloh Road, Greeneville (Greene County) Tennessee 37745. The estimated project cost is \$949,840.

Scott McDearman, Esq., and Ann Williams, Executive Director, Sunrise Communities of Tennessee, Inc. addressed the Agency on behalf of the applicant.

Speaking in opposition were: State Representative David Hawk, W.T. Daniels, Mayor of Greeneville, and Terry Cannon, Police Chief Greeneville.

Scott McDearman, Esq., rebutted on behalf of the applicant.

W.T. Daniels, Mayor of Greenville, provided opposition summation.

Scott McDearman, Esq., provided applicant summation.

Previously not speaking but responding to Agency member questions were: Theresa Sloan, DIDD, Michael Hart, Sunrise Communities of Tennessee, Inc., and Jack Derryberry, Esq.

Dr. Fleming moved for approval of the project based on: 1) Need - I would support establishing a residence for people with intellectual disabilities on this site because there is a need for care; 2) Economic Feasibility – The project is fiscally solvent and the money is available; and 3) The project does contribute to the orderly development of health care. Mr. Gaither and Mr. Ridgway seconded the motion. The motion CARRIED [9-1-0]. **APPROVED**

AYE: Mills, Gaither, Ridgway, Wright, Doolittle, Burns, Harding, Fleming, Grandy,  
NAY: Johnson

**Chairman Johnson departed the meeting. Vice-chair Wright continued.**

**Reeves Eye Surgery Center, Johnson City (Washington County), TN – CN1510-046**

*Mr. Ridgway recused.*

The addition of pain management procedures to the Reeves Eye Surgery Center located at Suite 500 2328 Knob Creek Road in Johnson City (Washington County), Tennessee, a single specialty ambulatory surgical treatment center limited to ophthalmology approved in CN1209-045A. As part of the project, the applicant proposes to expand its medical staff by granting surgical privileges only to Board-certified physicians qualified to perform pain management procedures not requiring general anesthesia. The project does not involve the addition of operating rooms at the ASTC. The estimated project cost is \$175,881.

Michael Brent, Esq., and Dr. Donny Reeves addressed the Agency on behalf of the applicant.

Previously not speaking but responding to Agency member questions was Dr. Wayne Woodbury.

Ms. Jordan moved for approval of the project based on: 1) Need – Need has been established based on the current patient load by Dr. Woodbury; 2) Economic Feasibility – The project is economically through a commercial loan; and 3) The project does contribute to orderly development by allowing some patients to receive this higher level of care and the sedation that's necessary for some in a licensed facility. Dr. Fleming and Mr. Doolittle seconded the motion. The motion CARRIED [9-0-0]. **APPROVED**

AYE: Jordan, Mills, Gaither, Wright, Doolittle, Burns, Harding, Fleming, Grandy  
NAY: None

**TriStar Horizon Medical Center, Dickson (Dickson County), TN – CN1510-047**

*Mr. Ridgway and Ms. Burns recused.*

The initiation of neonatal intensive care unit (NICU) services in a 6-bed Level II neonatal nursery through renovation of existing space on the 2nd floor of Horizon Medical Center located at 111 Highway 70 East in Dickson, Tennessee. The project does not involve a change to the hospital's existing 157 licensed bed complement, the acquisition of major medical equipment or the initiation or discontinuance of any other health service. The estimated project cost is \$975,500.

Jerry Taylor, Esq., addressed the Agency on behalf of the applicant.

Previously not speaking but responding to Agency member questions were: Dr. Sami Ismail, Dustin Greene, CEO, TriStar Horizon Medical Center, and Wyatt Chocklett, COO, TriStar Horizon Medical Center.

Mr. Doolittle moved for approval of the project based on: 1) Need – Need is based on the existing level of deliveries and the number of transfers that have been mandated. I think the experience of the organization is such that they can handle this; 2) Economic Feasibility – while the hospital is rebounding from red ink, it looks like it's going in the right direction and clearly the resources of the parent company make financial failure deminimis risk; and 3) The project does contribute to the orderly development of adequate and effective health care in that it creates a Level 2 NICU unit in an area that is otherwise underserved in the distance between Metro Nashville and the city of Jackson. Mr. Mills seconded the motion. The motion CARRIED [8-0-0]. **APPROVED**

AYE: Jordan, Mills, Gaither, Wright, Doolittle, Harding, Fleming, Grandy,  
NAY: None

### GENERAL COUNSEL'S REPORT

Mark Farber summarized the following CON modification requests:

#### The Health Center of Nashville, Nashville (Davidson County), TN – CN1107-024AME

Request for a six month extension from May 1, 2016 to October 1, 2016.

The project was unanimously approved on September 28, 2011 with an estimated project cost of \$23,894,100. On October 23, 2013, the Agency granted an 18-month extension of the expiration date from November 1, 2014 to May 1, 2016 and modifications related to reductions in square footage, project cost, and changes in the footprint of the facility. The estimated project cost is \$23,900,000.

Dan Elrod, Esq., addressed the Agency on behalf of the applicant.

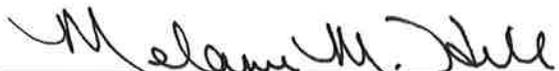
Mr. Mills moved for approval of the project for the six-month extension from May 1st, 2016, to October 1st, 2016, as requested by the applicant. Ms. Jordan seconded the motion. The motion CARRIED [8-0-1].

#### **APPROVED**

AYE: Jordan, Mills, Gaither, Doolittle, Burns, Harding, Fleming, Grandy,  
NAY: None  
ABSTAINED: Wright

### ADJOURNMENT

There being no further business, the meeting adjourned.



Melanie M. Hill, Executive Director

\* Minutes provide only a brief staff summary of the meeting and are not intended to be an all-inclusive report. The HSDA maintains a detailed record of each meeting (recording and transcript) that is available upon request by contacting the HSDA office at 615-7412364.